

DECKER

MANUFACTURING CORPORATION

703 North Clark Street
Albion, Michigan 49224

D-U-N-S 00-531-8720

Phone 517-629-3955

Fax 517-629-3535

1475 70

May 29, 1992

Paul J. Rogers
Superfund Program Management Branch, HSM5J
U.S. Environmental Protection Agency
77 West Jackson Boulevard
Chicago IL 60604

RECEIVED
SUPERFUND PROGRAM
MANAGEMENT BRANCH

Dear Mr. Rogers,

Enclosed you will find the appropriate paperwork and answers to the "Supplemental Information Requests". We have attempted to answer all questions to the best of our collective abilities. We still are of the opinion that none of our waste delivered to the landfill was of a "hazardous" nature. This landfill was a city dump and used as such. We paid a millage for a period of time to the City of Albion for a waste yard. I have talked to the City Treasurer and am awaiting information from him on this matter.

As stated in the letter dated October 27, 1988, we are a manufacturer of cold headed industrial fasteners. We lubricate our machines with petroleum based products that are caught in a drip pan at the base of the machine. At times these pans leak and we use flor-dri to absorb the excess oil. Again according to the regs, we do not find this defined as a hazardous waste.

We have attempted to answer all of the questions to the best of our ability and if there is further information required, please contact us.

Yours truly,

DECKER MANUFACTURING CORP.

Terrence B. DeWeerd
Secretary-Treasurer

TBD/kr

DECKER MANUFACTURING CORPORATION

SUPPLEMENTAL INFORMATION REQUESTS ALBION-SHERIDAN TOWNSHIP LANDFILL SUPERFUND SITE

1. Henry Konkle, Bernard Konkle, Orvil Miller, Tom Konkle, Robert Smith, O.B. Granger and Terrence DeWeerd.
2. Accounts Payable Records, General Ledgers, Tax Bills.
3. No other persons.
4. Gordon Stevick and employees, Albion Sanitary Service (Out of business).
5.
 - a) This was a city dump and no special arrangements were necessary.
 - b) The dates were on an as needed basis, determined by the dumpster capacity.
 - c) Cardboard, pallets, flor-dri oil sludge, used oil and garbage. Oil is used to lubricate our production machines. We do not have chemical analyses during that period of time.
 - d) Undeterminable
 - e) None
 - f) This was a city dump.
 - g) There was no direct charge for most of those years in question. There was a property tax assessment for the waste yard. We also used Albion Sanitary Service to whom we were paying \$36.00-55.00 per month for one period of time. We would have to have more time to search further.
 - h) We used a dumpster that was dumped from the back of a truck.
 - i) See g)
 - j) None that we know of.
 - k) See item number 1. and 4.
6. We purchased products from Sinclair Refining, D.A. Stuart Oil Co., Texacon Inc., Macco Products, Standard Oil and Triple Mill Supply. These were lube and cutting oils.
7. We would have to contact the above companies and see if they are still in business to get this information, assuming their records are still retained that far back.
8. We have no knowledge nor copies of contracts with Gordan Stevick. As far as we know the City of Albion contracted for the landfill site.

DECKER MANUFACTURING CORPORATION

9. a) Decker Manufacturing Corp.
703 N. Clark Street
Albion, MI 49224
517-629-3955

b) None available

c) Numerous

d) See 5. c)
10. See attached copies - Ex A
11. a) See attached Ex B

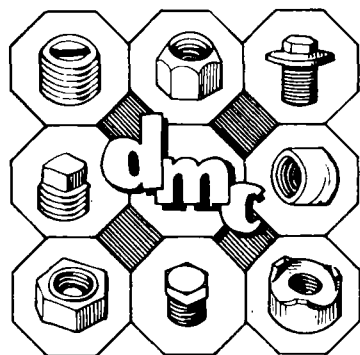
b) See attached Ex C,D,E

c) N/A

d) Sold Sheridan Industries (a division) to R. Bud Davis, Albion,
MI
12. N/A

DECKER MANUFACTURING CORPORATION

1991 Annual Report



DECKER

MANUFACTURING CORPORATION
703 North Clark Street
Albion, Michigan 49224
D-U-N-S 00-531-8720
Phone 517-629-3955
Fax 517-629-3535

March 6, 1992

To Our Shareholders:

There's an old saying, "No news is good news", so I probably should have omitted this letter to our shareholders this year. Last year I predicted that, if the economy recovered in the second half, our sales could still be off up to 6%. Normality did not come in the second half and our sales dropped 13.0%. As a result of this large decline in volume, it lowered profits 34.7%.

This year 1991 did have a couple of a bright spots. We negotiated a new four year labor contract and, in keeping with our goals of keeping Decker competitive, up to date and profitable, we ordered a state of the art nut former. This will be the first machine built, of the new design, dedicated to nut production. It should be delivered in late March or early April. While it will be a learning experience, it will probably be the start of an expensive, but necessary, update of much of our equipment. We started the first major addition to the plant since 1970, with our new 17,000 square foot addition, which should be completed by late March or early April of this year.

The economy is still so unstable that everyone's guess for 1992 is different. My prediction is that sales will be up between 7% and 10% and hopefully profits will follow. The only hard fact I have for this is that it is a major election year, and to encourage their re-election, they will do anything to jump-start the economy regardless of costs to us later.

We remind you to read the auditors notes for more clarification of this report.

We thank you for your trust and cooperation and pray this recession is really ending so I can enjoy reporting to you next year.

Yours truly,

DECKER MANUFACTURING CORP.

Henry R. Konkle
President & General Manager

DECKER MANUFACTURING CORPORATION
COMPARATIVE BALANCE SHEETS

	ASSETS	
	1991	1990
Cash and Cash Equivalents	\$ 1,355,887	\$ 1,856,762
Investments	5,711,227	4,963,727
Accounts Receivable	1,990,751	2,081,405
Inventories	3,325,725	3,583,415
Property, Plant and Equipment-Net	3,784,998	3,757,088
Other Assets	834,451	555,779
	<u>\$ 17,003,039</u>	<u>\$ 16,798,176</u>
	LIABILITIES & NET WORTH	
Current - Ordinary	\$ 1,407,496	\$ 1,385,403
Long-Term Liabilities	381,545	414,575
Capital Stock	633,958	633,958
Capital Surplus & Retained Earnings	14,580,040	14,364,240
	<u>\$ 17,003,039</u>	<u>\$ 16,798,176</u>

DECKER MANUFACTURING CORPORATION
COMPARATIVE OPERATIONS STATEMENT

	1991	1990	Increase (Decrease)
Sales	\$15,823,958	\$18,089,922	\$(2,265,964)
Returns and Allowances	274,126	214,221	59,905
Net Sales	15,549,832	17,875,701	(2,325,869)
Cost of Sales	12,148,287	13,070,348	(922,061)
Gross Profit on Operations	3,401,545	4,805,353	(1,403,808)
Selling, General and Administrative	1,706,202	1,678,949	27,253
Income on Operations	1,695,343	3,126,404	(1,431,061)
Other Income	604,611	562,483	42,128
Other Deductions	62,715	189,686	(126,971)
Net Income (Before Federal Income Taxes)	2,237,239	3,499,201	(1,261,962)
Federal Income Taxes	658,429	1,081,195	(422,766)
Net Income for Year	1,578,810	2,418,006	(839,196)

DECKER MANUFACTURING CORPORATION

The Year in Brief

	1991	1990
Sales and Other Income	\$16,154,443	\$18,438,184
Net Income	1,578,810	2,418,006
Net Income per Share	2.49	3.78
Net Income to Sales and Other Income	9.77%	13.11%
Cash Dividends Paid per Share	2.15	1.97
Depreciation and Amortization	743,081	700,557
Capital Expenditures	770,991	1,414,125
Working Capital	11,577,506	11,438,089

DECKER MANUFACTURING CORPORATION

SALES FOR CALENDAR YEARS 1982 - 1991

The following statistics represent the growth of your company
within the last ten years.

YEAR	NET SALES & OTHER INCOME
1982	\$ 10,287,814
1983	12,553,377
1984	17,104,453
1985	17,270,304
1986	16,220,427
1987	15,303,668
1988	18,321,759
1989	19,609,310
1990	18,438,184
1991	16,154,443

DECKER MANUFACTURING CORPORATION

10 YEAR FINANCIAL INFORMATION

Income

	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
NET SALES AND OTHER INCOME.	\$16,154,443	\$18,438,184	\$19,609,310	\$18,321,759	\$15,303,668	\$16,220,447	\$17,270,304	\$17,104,453	\$12,553,377	\$10,287,814
COSTS										
Wages and employees benefits.	4,486,907	4,231,874	4,694,959	4,260,463	4,147,702	3,855,235	3,895,938	3,442,213	2,612,461	2,005,373
Materials, services and other costs	8,316,440	9,630,504	10,606,421	9,653,529	7,242,041	8,595,371	9,429,341	9,407,357	6,412,958	5,074,855
Depreciation	743,081	700,557	636,229	679,145	690,260	652,719	668,702	677,969	671,695	650,335
State and local taxes	370,776	376,048	395,067	389,150	312,943	340,753	337,060	316,105	279,537	231,090
Federal Income Taxes	658,429	1,081,195	1,051,904	1,047,977	785,065	1,202,353	1,247,203	1,326,839	1,071,093	984,621
Total Costs	\$14,575,633	\$16,020,178	\$17,384,580	\$16,030,264	\$13,178,011	\$14,646,431	\$15,578,244	\$15,170,483	\$11,047,744	\$ 8,946,274
NET INCOME	\$ 1,578,810	\$ 2,418,006	\$ 2,224,730	\$ 2,291,495	\$ 2,125,657	\$ 1,574,016	\$ 1,692,060	\$ 1,933,970	\$ 1,505,633	\$ 1,341,540
CASH DIVIDENDS	1,363,010	1,257,879	1,141,763	1,062,831	935,204	938,687	940,535	965,194	834,477	738,860
REINVESTMENT IN THE BUSINESS.	\$ 215,800	\$ 1,160,127	\$ 1,082,967	\$ 1,228,664	\$ 1,190,453	\$ 635,329	\$ 751,525	\$ 968,776	\$ 671,156	\$ 602,680

Plant Additions

Regular Capital Expenditures	\$ 770,991	\$ 1,414,125	\$ 481,790	\$ 268,516	\$ 931,934	\$ 324,950	\$ 526,215	\$ 553,560	\$ 546,039	\$ 911,040
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Financial Position

Current Assets	\$12,985,002	\$12,823,492	\$12,418,080	\$11,420,684	\$10,102,673	\$ 9,042,132	\$ 8,146,765	\$12,586,894	\$10,167,097	\$ 9,160,592
Current Liabilities	1,407,496	1,385,403	1,196,625	1,288,869	1,029,881	851,805	957,519	3,963,724	878,322	759,883
Net Working Capital.	\$11,577,506	\$11,438,089	\$11,221,455	\$10,131,815	\$ 9,072,792	\$ 8,190,327	\$ 7,189,246	\$ 8,623,170	\$ 9,288,775	\$ 8,400,709
Property, Plant and Equipment - Net	3,784,998	3,757,088	3,043,520	3,197,959	3,608,588	3,356,914	3,686,511	3,829,859	3,955,056	4,080,712
Other Assets and Liabilities - Net	(148,506)	(196,979)	(271,612)	(396,368)	(366,770)	(423,084)	(334,755)	(256,755)	(93,008)	(7,019)
Stockholders' Equity	\$15,213,998	\$14,998,198	\$13,993,363	\$12,933,406	\$12,314,610	\$11,124,157	\$10,541,002	\$12,196,274	\$13,150,823	\$12,474,402

Statistics - Common Stock .

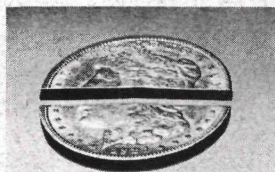
Calendar Year Income per Share.	2.49	3.78	3.47	3.45	3.18	2.35	2.44	2.24	1.73	1.54
Calendar Year Dividends per Share in Cash.	2.15	1.97	1.78	1.61	1.40	1.40	1.40	1.150	.960	.850
Calendar Year Book Value per Share	24.00	23.66	21.84	20.15	18.42	16.64	15.70	15.57	15.13	14.35

Ratios

Current Assets to Current Liabilities.	9.23 to 1	9.26 to 1	10.38 to 1	8.86 to 1	9.81 to 1	10.62 to 1	8.51 to 1	3.18 to 1	11.58 to 1	12.06 to 1
Net Earnings to Net Sales and Other Income.	9.77%	13.11%	11.35%	12.51%	13.89%	9.70%	9.80%	11.31%	11.99%	13.04%

DECKER MANUFACTURING CORPORATION

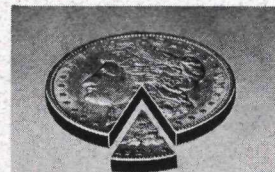
HOW EACH SALES DOLLAR WAS SPENT (For the Year 1991 Compared with 1990)



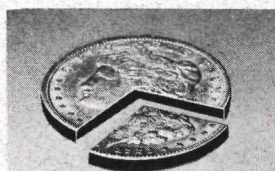
35.1¢ — 1991
36.6¢ — 1990

MATERIALS PURCHASED
FOR MANUFACTURING
OPERATIONS

OTHER MANUFACTURING
EXPENSES



15.6¢ — 1991
14.3¢ — 1990



27.9¢ — 1991
23.2¢ — 1990

WAGES
AND OTHER BENEFITS
FOR EMPLOYEES

SELLING, GENERAL AND
ADMINISTRATIVE
EXPENSES



5.2¢ — 1991
4.5¢ — 1990



6.4¢ — 1991
8.0¢ — 1990

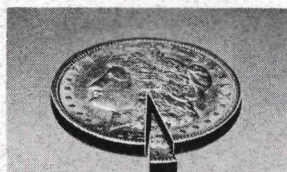
FEDERAL, STATE AND
CITY TAXES

DIVIDENDS PAID
TO STOCKHOLDERS



8.5¢ — 1991
6.9¢ — 1990

RETAINED BY THE COMPANY
FOR EXPANSION



1.3¢ — 1991
6.4¢ — 1990

DECKER

MANUFACTURING CORPORATION



Write or call for a free copy of our Precision Cold Formed Nuts Catalog or a copy of our Pipe Plugs Catalog.

DECKER MANUFACTURING CORP.
703 N. Clark St., Albion, Michigan 49224
Phone (517) 629-3955. FAX (517) 629-3535
SEE OUR AD IN THE COMPANY PROFILES VOLUMES

- ### COLD FORMED NUTS
- Hex Nuts
 - Square Nuts
 - Heavy Hex Nuts A-563
 - Guard Rail Nuts
 - Wheel Nuts
 - Hex Weld Nuts
 - Square Weld Nuts
 - Round Weld Nuts
 - Special and Metric Nuts

We have built our reputation as a leader in the production of quality cold formed fasteners and pipe plugs by exceeding tough industry standards. Our quality assurance program is unique and utilizes SPC techniques for total process control.

At Decker we have the most advanced machinery available to provide economical domestic production. We have a full-size range of machines which are capable of manufacturing a variety of configurations.

PIPE PLUGS

- Hex Socket Pipe Plugs
- Square Socket Pipe Plugs
- Hex Head Pipe Plugs
- Square Head Pipe Plugs
- Flush-Seal Pipe Plugs
- Slotted Pipe Plugs
- Special Pipe Plugs

**TRUSTED QUALITY
FOR OVER 60 YEARS**

Decker Manufacturing Corporation was founded in 1927 by a group of businessmen with an interest in the industrial fastener market. What has developed over the past 65 years is a company that is considered a leader in the Fastener Industry. Decker has a reputation for providing quality products and a commitment to the concept of continuous improvement. Since our inception we have pursued the objective to specialize in domestically manufactured product lines while devoting ourselves to servicing our valued customer.

Our facility covers over 125,000 square feet of manufacturing area and contains the most contemporary equipment available. Cold Heading machines in our plant range in size from 5/16" through 1" and are capable of Cold Forming a large variety of parts. We have over 45 machines, including modern Four Die ultra-high speed Nut Formers. To provide increased capabilities, we also have several Two-die Three-blow Headers and a Parts Former.

We have a complementary Threading Department for secondary operation. External threads are rolled on planetary-type thread rolling equipment and internal thread tapping is performed on high speed precision machines. In-house Wire Drawing and a full Tool Room are additional departments which support the manufacturing process.

Our Quality Assurance Program is unique. With computer workstations on the manufacturing floor, we capture "real time" data. All material is monitored throughout processing by our fully staffed laboratory where information is processed utilizing SPC

techniques. In addition, Load Monitors attached to the machines provide the ultimate in Quality Assurance. Our system is designed to guarantee complete traceability.

Some of our Quality Awards received include:

Chrysler Corporation

- Pentastar
- Quality Excellence (Q-E)

Ford Motor Company

- Q-1 Preferred Quality Award

General Motors - Truck & Bus

- Self Certified Supplier
- Zero Follow-Up

Cummins Engine Company, Inc.

- Worldwide Self Certified Supplier

Modern packaging and shipping facilities make it possible to respond quickly. Bar code labeling is used to provide accurate information and identification. We fully support the Just-In-Time (JIT) concept and currently participate in "milk run" deliveries.

We are very proud of our Company and its history. Contributing to our success is one of the biggest assets we have...our people. We have over 120 dedicated employees who possess years of experience. Our team is well trained and, while utilizing its high skills, our employees understand that customer satisfaction the secret to our success.

Decker Manufacturing Corporation...
The Right source Right Now.

DECKER MANUFACTURING CORPORATION

BOARD OF DIRECTORS

T.B. DeWeerd	<i>Secretary and Treasurer</i> Decker Manufacturing Corp.
H.D. Federer	<i>Consultant</i>
B.L. Konkle	<i>Executive Vice-President</i> Decker Manufacturing Corp.
H.R. Konkle	<i>President and General Manager</i> Decker Manufacturing Corp.
C.A. Nelson	Stanton, Bullen, Nelson, Moilanen & Klaasen, P.C. Law Firm

OFFICERS

H.R. Konkle	<i>President and General Manager</i>
B.L. Konkle	<i>Executive Vice-President</i>
T.B. DeWeerd	<i>Secretary and Treasurer</i>

TRANSFER AGENT

National Bank of Detroit
Detroit, Michigan

FOOTE AND LLOYD
Certified Public Accountants
Battle Creek, Michigan

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Board of Directors,
Decker Manufacturing Corporation

Gentlemen:

We have audited the accompanying balance sheet of the Decker Manufacturing Corporation as of December 31, 1991, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Decker Manufacturing Corporation as of December 31, 1991, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Respectfully submitted,
FOOTE AND LLOYD
CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan
February 17, 1992

DECKER MANUFACTURING CORPORATION

(A Michigan Corporation)

BALANCE SHEET AS OF DECEMBER 31, 1991

ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (note 3)	\$ 1,355,887	
Investments - Marketable Securities (net)	5,711,227	
Accounts Receivable (net)	1,990,751	
Other Receivables	89,844	
Inventory (notes 2 and 4)	3,325,725	
Prepaid Pension Costs (note 6)	271,461	
Prepaid Expenses and Deposits	102,500	
Prepaid Income Taxes	137,607	
TOTAL CURRENT ASSETS		\$12,985,002
PROPERTY, PLANT AND EQUIPMENT, at cost		
Land and Buildings	\$ 1,080,208	
Machinery and Equipment	12,371,472	
Office Equipment and Fixtures	236,490	
Capital Lease	77,930	
Construction in Progress	604,960	
Total Costs	\$14,371,060	
Less: Accumulated Depreciation	10,586,062	
NET BOOK		3,784,998
INVESTMENTS AND OTHER ASSETS		
Noncurrent Marketable Securities		50,000
Key Man Life Insurance - Cash Surrender Value		183,039
TOTAL ASSETS		<u>\$17,003,039</u>

LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 275,712	
Accrued Dividends	412,073	
Accrued Payroll Taxes	40,341	
Accrued City and Township Taxes	165,069	
Accrued Single Business Tax	73,466	
Accrued Wages and Commissions	326,712	
Accrued Payroll Deductions	2,076	
Accrued Pension Fund (note 6)	37,191	
Deferred Income Tax	60,605	
Unclaimed Dividends	582	
Current Portion of Long-Term Liabilities	13,669	
TOTAL CURRENT LIABILITIES		\$ 1,407,496
LONG-TERM LIABILITIES		
Capital Lease Payable-Long term only	\$ 34,967	
Deferred Income Tax	346,578	381,545
TOTAL LIABILITIES		<u>\$ 1,789,041</u>
STOCKHOLDERS' EQUITY		
CAPITAL STOCK		
Authorized 2,000,000 Shares		
@ \$1.00 Par Value	\$2,000,000	
Less Unissued Stock	1,366,042	
TOTAL STOCK OUTSTANDING		\$ 633,958
CAPITAL SURPLUS	\$ 180,000	
RETAINED EARNINGS	14,400,040	
TOTAL CAPITAL SURPLUS AND RETAINED EARNINGS		14,580,040
TOTAL STOCKHOLDERS' EQUITY		15,213,998
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$17,003,039</u>

The notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

DECKER MANUFACTURING CORPORATION
INCOME STATEMENT
For Year Ended December 31, 1991

NET SALES	\$15,549,832
COST OF PRODUCTS SOLD	<u>12,148,287</u>
GROSS PROFIT	\$ 3,401,545
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES . .	<u>1,706,202</u>
OPERATING INCOME	\$ 1,695,343
OTHER INCOME	604,611
OTHER EXPENSES	<u>62,715</u>
NET INCOME	\$2,237,239
LESS: FEDERAL INCOME TAXES	<u>658,429</u>
NET INCOME FOR THE YEAR	<u><u>\$1,578,810</u></u>

The notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

STATEMENT OF CHANGES IN RETAINED EARNINGS
For Year Ended December 31, 1991

BALANCE JANUARY 1, 1991	\$14,364,240
ADDITIONS	
Net Income for Year 1991	
from Income statement	1,578,810
DEDUCTIONS	
Cash Dividends paid to Stockholders	
during the Year 1991	1,363,010
	<u>215,800</u>
RETAINED EARNINGS BALANCE AS OF DECEMBER 31, 1991	<u><u>\$14,580,040</u></u>

The notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

DECKER MANUFACTURING CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 1991

CASH FLOWS FROM OPERATING ACTIVITIES

Net Earnings	\$1,578,810	
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities		
Depreciation of Fixed Assets	743,081	
Increase in Accounts Receivable - Trade —		
Net of Allowance for Bad Debts	90,654	
Increase in Marketable Securities —		
Net of Allowance for Unrealized Loss	(747,500)	
Decrease in Interest & Dividends Receivable	9,813	
Decrease in Inventory	257,690	
Increase in Other Receivables	(7,384)	
Increase in Prepaid Pension Costs	(61,702)	
Increase in Prepaid Expenses & Deposits	(66,349)	
Increase in Prepaid Federal Income Tax	(137,607)	
Gain on Sales of Equipment	(2,000)	
Increase in CSV of Key Man Life Insurance	(15,443)	
Increase in Accounts Payable	6,954	
Decrease in Accrued Expenses	(29,415)	
Increase in Deferred Income Tax	24,572	
Net Cash Provided by (Used in) Operating Activities		\$1,644,174

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales of Equipment	\$ 2,000	
Acquisitions of Fixed Assets	(770,991)	
Net Cash Provided by (Used in) Investing Activities		(768,991)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Long-Term Capital Leases	\$ (13,048)	
Payment of Dividends on Capital Stock	(1,363,010)	
Net Cash Provided by (Used in) Financing Activities		(1,376,058)
Net Increase (Decrease) in Cash		\$ (500,875)

CASH, December 31, 1990	<u>1,856,762</u>
CASH, December 31, 1991	<u><u>\$1,355,887</u></u>

The Notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. **DESCRIPTION OF BUSINESS:** Decker Manufacturing Corporation is a Michigan Corporation located in the City of Albion, in the State of Michigan. It is engaged in the business of manufacturing cold headed industrial fasteners and pipe plugs. 67% of it's product is sold to a customer base which either directly or indirectly is engaged in the manufacturing of automobiles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Inventory:** Inventory values are stated at the lower of cost or market and the method used conforms to the Uniform Capitalization Rules required by Section 263 (a) of the Internal Revenue Code. All materials are computed using the last-in, first-out (LIFO) method. All other components of inventory including labor and factory overhead are computed using the first-in, first-out (FIFO) method.

b. **Fixed Assets and Depreciation:** Fixed assets are carried at cost. Expenditures for replacements are capitalized and the replaced items are retired. Maintenance and repairs are charged to operations. Gains and losses from the sale of fixed assets are included in income. Depreciation is calculated using both the straight-line and declining-balance methods over the estimated useful lives of the respective assets, beginning at the date placed in service.

c. **Income Taxes:** Federal Income Tax expense consists of the actual tax on the corporation's taxable income for the year plus or minus deferred taxes, based on the estimated future tax effects of differences between financial income and taxable income, in accordance with Statement of Financial Accounting Standards No. 96.

d. **Pension Plans:** Pension expense and related assets and liabilities are computed in accordance with Statement of Financial Accounting Standards No. 87.

e. **Earnings Per Share:** Earnings per share is based on the weighted average number of shares of common stock outstanding during the year.

f. **Valuation of Marketable Securities:** Marketable securities are valued at the lower of cost or market. Premiums and discounts at the time of purchase are amortized over the period from date purchased by the company to date of maturity. The amortization is netted against earned interest in the income statement.

3. Cash:

Commercial Checking	\$ 239,777
Certificates of Deposit in Financial Institutions	973,571
Imprest Cash	500
Workers Compensation Account	4,816
Broker's Accounts	137,223
	<u>\$1,355,887</u>

4. Inventory:

Raw Materials	\$ 968,796
Work In Process	536,948
Finished Goods	1,819,981
	<u>\$3,325,725</u>

5. **WORKERS' COMPENSATION INSURANCE** The company is in the second year of a two-year contract with Total Compensation Services, Ltd., as administrator for workers' compensation self-insurance. All valid claims up to \$275,000 per claim are paid by the company and are expensed when paid, and reinsurance is carried for all excess claims up to and including \$3,000,000.

6. **PENSION PLANS** The company sponsors two pension plans, covering substantially all hourly and salaried employees. Benefits under the hourly plan are based on years of service. Under the salaried plan benefits are based on five-year average salary and years of service. The company's funding policy is to contribute annually the maximum amount that can be deducted for federal income tax purposes. Plan assets are invested by an insurance company. Net pension cost for 1991 included the following components:

	<u>HOURLY</u>	<u>SALARIED</u>
Service Cost - Benefits Earned During Period	\$ 21,198	\$ 77,984
Interest Cost on Projected Benefit Obligation	66,796	95,121
Actual Return on Plan Assets	(219,726)	(79,229)
Net Amortization and Deferral	70,030	(66,240)
Net Periodic Pension Cost	<u>\$ (61,702)</u>	<u>\$ 27,636</u>

Following is a reconciliation of the Plans' funded status with amounts reported on the balance sheet:

Total Projected Benefit Obligation	\$ 893,107	\$1,531,983
Plan Assets at Fair Value	<u>1,594,962</u>	<u>1,621,750</u>
Excess of Plan Assets over Projected Benefit Obligation	\$ 701,855	\$ 89,767
Unrecognized Net Gain	(209,656)	34,136
Unrecognized Prior Service Cost	17,208	-0-
Unrecognized Portion of January 1, 1987 Net Asset	<u>(237,946)</u>	<u>(161,094)</u>
Prepaid (Accrued) Pension Cost on Balance Sheet	<u>\$ 271,461</u>	<u>\$ (37,191)</u>

The following rates were used in the above computations:

	<u>HOURLY</u>	<u>SALARIED</u>
Weighted Average Discount Rate	8%	7%
Rate of Increase in Future Compensation Levels	N/A	5%
Expected Long-Term Rate of Return on Assets	9 1/2%	8%

The company also sponsors 401(K) Plans covering approximately 60% of hourly employees and substantially all salaried employees. The plans allow for the deferral of employee compensation with a percentage of the deferrals matched by the employer. In the Income Statement, deferred amounts are included in the appropriate categories of compensation, while employer's matching contributions are shown as a separate item. Following is a summary of contributions for 1991:

	<u>HOURLY</u>	<u>SALARIED</u>
Employee Compensation Deferral	\$ 88,928	\$45,427
Employer's Matching Contributions	<u>20,385</u>	<u>6,882</u>
Total Contributions	<u>\$109,313</u>	<u>\$52,309</u>

7. INCOME TAXES Federal Income Tax expense for the year consisting of the following:

Tax on Current Year's Taxable Income	\$ 633,857
Reduction of Deferred Tax	<u>24,572</u>
Net Federal Income Tax Expense	<u>\$ 658,429</u>

The significant temporary differences between taxable income and financial income are: 1) the use of shorter depreciable lives on fixed asset for tax purposes; 2) investment credit claimed in the past on certain fixed asset purchases; 3) the accrual of vacation pay for financial purposes; 4) differences in recognizing investment income and adjustments in the value of investments; 5) differences in recognizing pension expense; 6) differences in recognizing bad debt expense. Permanent differences consist primarily of income from tax-exempt securities.

8. MARKETABLE SECURITIES As of December 31, 1991, the company held marketable securities with amortized costs totaling \$5,711,227. Most of these securities were tax exempt for federal income and State of Michigan privilege taxes. Since the total market value of the securities was greater than cost at the balance sheet date, the company is reporting them at their book value. All of the securities are current assets as they will mature or can be marketed within twelve months of the balance sheet date. Gains or losses resulting from sales of marketable securities are reported as an aggregate figure in the income statement.

9. CAPITAL LEASES The corporation has capital leases for several items of office equipment. The remaining future minimum lease payments are as follows:

1992	\$ 19,515
1993	21,289
1994	<u>15,087</u>
Total Lease Payments	\$ 55,891
Less: Imputed Interest	<u>11,151</u>
Present Value of Net Minimum Lease Payments	<u>\$ 44,740</u>

10. CONSTRUCTION IN PROGRESS As of December 31, 1991 the Corporation had two assets being constructed for its use. Costs are recognized as assets when or when accrued under the percentage of completion method. The estimated costs to complete are as follows:

	<u>Total Estimated cost</u>	<u>Paid or Accrued to date</u>	<u>Estimated Cost to Complete</u>
Building Addition	\$ 261,077	146,200	114,870
Machine	<u>764,600</u>	<u>458,760</u>	<u>305,840</u>
	<u>\$1,025,670</u>	<u>604,960</u>	<u>420,710</u>

**DECKER MANUFACTURING CORPORATION
703 NORTH CLARK STREET
ALBION, MICHIGAN 49224**

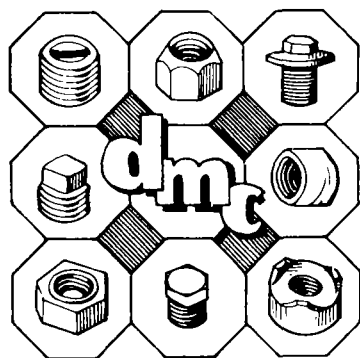


DECKER MANUFACTURING CORPORATION

DECKER MANUFACTURING CORPORATION

1990 Annual Report

Exhibit D



DECKER

MANUFACTURING CORPORATION

703 North Clark Street
Albion, Michigan 49224

D-U-N-S 00-531-8720

Phone 517-629-3955

Fax 517-629-3535

March 6, 1991

To Our Shareholders:

I wasn't too enthused about having to write a letter this year because I was sure, while it would be respectable, it would also be a downer, but on the surface it now looks good. A couple of years ago accounting procedure changes were mandated to include full absorption of overhead in inventory. We were forced to start increasing our steel inventory the last few months of 1990 as protection against a possible steel strike in January. Then business fell off in November and December and our product inventory increased. Our year-end audit then produced a full absorption adjustment increase of \$700,000 to profit before taxes. It may come back to bite us as it adjusts out in lower profits in future years. Without the adjustment our profit on operations is down about 18.1%, with the adjustment it's up about 11.7%.

This year is starting out very slow also, and with all the unpredictability my guess is that sales this year can be from even to 6% below. This is assuming the economy starts back up the middle of this year.

Our labor contract comes up for renegotiation this summer. Our relations have continued to be good and we will try to reach an early agreement to avoid a costly inventory build up and the unrest of our employees and customers.

This year may well be the toughest challenge we've faced in many years. We have the right people to face this challenge and again come through better than average.

In closing I would remind you to refer to the auditors' notes to this financial statement for more clarifications of this report.

Yours truly,

DECKER MANUFACTURING CORP.

Henry R. Konkle
President & General Manager

HRK/mm

DECKER MANUFACTURING CORPORATION
COMPARATIVE BALANCE SHEETS

	ASSETS	
	1990	1989
Cash and Cash Equivalents	\$ 1,856,762	\$ 242,971
Investments	4,963,727	6,337,266
Accounts Receivable	2,081,405	2,048,481
Inventories	3,583,415	3,271,714
Property, Plant and Equipment-Net	3,757,088	3,043,520
Other Assets	555,779	670,042
	<u>\$ 16,798,176</u>	<u>\$15,613,994</u>
	LIABILITIES & NET WORTH	
Current - Ordinary	\$ 1,385,403	\$ 1,196,625
Long-Term Liabilities	414,575	424,006
Capital Stock	633,958	640,762
Capital Surplus & Retained Earnings	14,364,240	13,352,601
	<u>\$16,798,176</u>	<u>\$15,613,994</u>

DECKER MANUFACTURING CORPORATION
COMPARATIVE OPERATIONS STATEMENT

	1990	1989	Increase (Decrease)
Sales	\$18,089,922	\$19,190,181	\$(1,100,259)
Returns and Allowances	214,221	144,601	69,620
Net Sales	17,875,701	19,045,580	(1,169,879)
Cost of Sales	13,070,348	14,525,405	(1,455,057)
Gross Profit on Operations	4,805,353	4,520,175	285,178
Selling, General and Administrative	1,678,949	1,726,736	(47,787)
Income on Operations	3,126,404	2,793,439	332,965
Other Income	562,483	563,730	(1,247)
Other Deductions	189,686	80,535	109,151
Net Income (Before Federal Income Taxes)	3,499,201	3,276,634	222,567
Federal Income Taxes	1,081,195	1,051,904	29,291
Net Income for Year	2,418,006	2,224,730	193,276

DECKER MANUFACTURING CORPORATION

The Year in Brief

	1990	1989
Sales and Other Income	\$18,438,184	\$19,609,310
Net Income	2,418,006	2,224,730
Net Income per Share	3.78	3.47
Net Income to Sales and Other Income	13.11%	11.35%
Cash Dividends Paid per Share	1.97	1.78
Depreciation and Amortization	700,557	636,229
Capital Expenditures	1,414,125	481,790
Working Capital	11,438,089	11,221,455

DECKER MANUFACTURING CORPORATION

SALES FOR CALENDAR YEARS 1981 - 1990

The following statistics represent the growth of your company
within the last ten years.

YEAR	NET SALES & OTHER INCOME
1981	11,876,001
1982	10,287,814
1983	12,553,377
1984	17,104,453
1985	17,270,304
1986	16,220,427
1987	15,303,668
1988	18,321,759
1989	19,609,310
1990	18,438,184

DECKER MANUFACTURING CORPORATION

10 YEAR FINANCIAL INFORMATION

Income

	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
NET SALES AND OTHER INCOME.	\$18,438,184	\$19,609,310	\$18,321,759	\$15,303,668	\$16,220,447	\$17,270,304	\$17,104,453	\$12,553,377	\$10,287,814	\$11,876,001
COSTS										
Wages and employees benefits.	4,231,874	4,694,959	4,260,463	4,147,702	3,855,235	3,895,938	3,442,213	2,612,461	2,005,373	2,299,216
Materials, services and other costs	9,630,504	10,606,421	9,653,529	7,242,041	8,595,371	9,429,341	9,407,357	6,412,958	5,074,855	6,240,057
Depreciation	700,557	636,229	679,145	690,260	652,719	668,702	677,969	671,695	650,335	631,904
State and local taxes	376,048	395,067	389,150	312,943	340,753	337,060	316,105	279,537	231,090	241,853
Federal Income Taxes	1,081,195	1,051,904	1,047,977	785,065	1,202,353	1,247,203	1,326,839	1,071,093	984,621	1,054,903
Total Costs	<u>\$16,020,178</u>	<u>\$17,384,580</u>	<u>\$16,030,264</u>	<u>\$13,178,011</u>	<u>\$14,646,431</u>	<u>\$15,578,244</u>	<u>\$15,170,483</u>	<u>\$11,047,744</u>	<u>\$ 8,946,274</u>	<u>\$10,467,933</u>
NET INCOME	\$ 2,418,006	\$ 2,224,730	\$ 2,291,495	\$ 2,125,657	\$ 1,574,016	\$ 1,692,060	\$ 1,933,970	\$ 1,505,633	\$ 1,341,540	\$ 1,408,068
CASH DIVIDENDS	1,257,879	1,141,763	1,062,831	935,204	938,687	940,535	965,194	834,477	738,860	651,935
REINVESTMENT IN THE BUSINESS.	<u>\$ 1,160,127</u>	<u>\$ 1,082,967</u>	<u>\$ 1,228,664</u>	<u>\$ 1,190,453</u>	<u>\$ 635,329</u>	<u>\$ 751,525</u>	<u>\$ 968,776</u>	<u>\$ 671,156</u>	<u>\$ 602,680</u>	<u>\$ 756,133</u>

Plant Additions

Regular Capital Expenditures	<u>\$ 1,414,125</u>	<u>\$ 481,790</u>	<u>\$ 268,516</u>	<u>\$ 931,934</u>	<u>\$ 324,950</u>	<u>\$ 526,215</u>	<u>\$ 553,560</u>	<u>\$ 546,039</u>	<u>\$ 911,040</u>	<u>\$ 627,463</u>
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Financial Position

Current Assets	\$12,823,492	\$12,418,080	\$11,420,684	\$10,102,673	\$ 9,042,132	\$ 8,146,765	\$12,586,894	\$10,167,097	\$ 9,160,592	\$ 8,853,628
Current Liabilities	1,385,403	1,196,625	1,288,869	1,029,881	851,805	957,519	3,963,724	878,322	759,883	850,189
Net Working Capital.	<u>\$11,438,089</u>	<u>\$11,221,455</u>	<u>\$10,131,815</u>	<u>\$ 9,072,792</u>	<u>\$ 8,190,327</u>	<u>\$ 7,189,246</u>	<u>\$ 8,623,170</u>	<u>\$ 9,288,775</u>	<u>\$ 8,400,709</u>	<u>\$ 8,003,439</u>
Property, Plant and Equipment - Net	3,757,088	3,043,520	3,197,959	3,608,588	3,356,914	3,686,511	3,829,859	3,955,056	4,080,712	3,820,007
Other Assets and Liabilities - Net	(196,979)	(271,612)	(396,368)	(366,770)	(423,084)	(334,755)	(256,755)	(93,008)	(7,019)	42,663
Stockholders' Equity	<u>\$14,998,198</u>	<u>\$13,993,363</u>	<u>\$12,933,406</u>	<u>\$12,314,610</u>	<u>\$11,124,157</u>	<u>\$10,541,002</u>	<u>\$12,196,274</u>	<u>\$13,150,823</u>	<u>\$12,474,402</u>	<u>\$11,866,109</u>

Statistics - Common Stock .

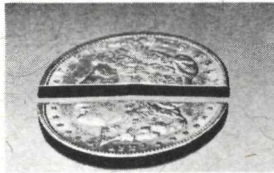
Calendar Year Income per Share.	3.78	3.47	3.45	3.18	2.35	2.44	2.24	1.73	1.54	1.62
Calendar Year Dividends per Share in Cash.	1.97	1.78	1.61	1.40	1.40	1.40	1.150	.960	.850	.750
Calendar Year Book Value per Share	23.66	21.84	20.15	18.42	16.64	15.70	15.57	15.13	14.35	13.65

Ratios

Current Assets to Current Liabilities.	9.26 to 1	10.38 to 1	8.86 to 1	9.81 to 1	10.62 to 1	8.51 to 1	3.18 to 1	11.58 to 1	12.06 to 1	10.41 to 1
Net Earnings to Net Sales and Other Income.	13.11%	11.35%	12.51%	13.89%	9.70%	9.80%	11.31%	11.99%	13.04%	11.86%

DECKER MANUFACTURING CORPORATION

HOW EACH SALES DOLLAR WAS SPENT (For the Year 1990 Compared with 1989)



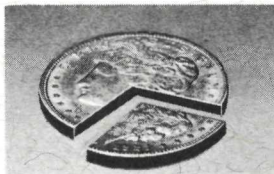
36.6¢ — 1990
38.8¢ — 1989

MATERIALS PURCHASED
FOR MANUFACTURING
OPERATIONS

OTHER MANUFACTURING
EXPENSES



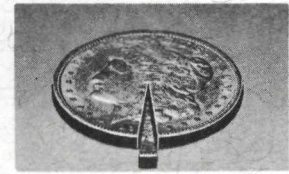
14.3¢ — 1990
13.9¢ — 1989



23.2¢ — 1990
24.0¢ — 1989

WAGES
AND OTHER BENEFITS
FOR EMPLOYEES

SELLING, GENERAL AND
ADMINISTRATIVE
EXPENSES



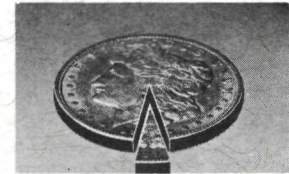
4.6¢ — 1990
4.4¢ — 1989



8.0¢ — 1990
7.4¢ — 1989

FEDERAL, STATE AND
CITY TAXES

DIVIDENDS PAID
TO STOCKHOLDERS



6.9¢ — 1990
5.9¢ — 1989

RETAINED BY THE COMPANY
FOR EXPANSION



6.4¢ — 1990
5.6¢ — 1989

DECKER

MANUFACTURING CORPORATION



Write or call for a free copy of our Precision Cold Formed Nuts Catalog or a copy of our Pipe Plugs Catalog.

DECKER MANUFACTURING CORP.
990 N. Clark St., Albion, Michigan 49224
Phone (517) 629-3955. FAX (517) 629-3535

SEE OUR AD IN THE COMPANY PROFILES VOLUMES

- COLD FORMED NUTS**
- Hex Nuts
 - Square Nuts
 - Heavy Hex Nuts A-563
 - Guard Rail Nuts
 - Wheel Nuts
 - Hex Weld Nuts
 - Square Weld Nuts
 - Round Weld Nuts
 - Special and Metric Nuts

We have built our reputation as a leader in the production of quality cold formed fasteners and pipe plugs by exceeding tough industry standards. Our quality assurance program is unique and utilizes SPC techniques for total process control.

At Decker we have the most advanced machinery available to provide economical domestic production. We have a full-size range of machines which are capable of manufacturing a variety of configurations.

- PIPE PLUGS**
- Hex Socket Pipe Plugs
 - Square Socket Pipe Plugs
 - Hex Head Pipe Plugs
 - Square Head Pipe Plugs
 - Flush-Seal Pipe Plugs
 - Slotted Pipe Plugs
 - Special Pipe Plugs

**TRUSTED QUALITY
FOR OVER 60 YEARS**

Decker Manufacturing Corporation was founded in 1927 by a group of businessmen with an interest in the industrial fastener market. What has developed over the past 64 years is a company that is considered a leader in the Fastener Industry. Decker has a reputation for providing quality products and a commitment to the concept of continuous improvement. Since our inception we have pursued the objective to specialize in domestically manufactured product lines while devoting ourselves to servicing our valued customer.

Our facility covers over 125,000 square feet of manufacturing area and contains the most contemporary equipment available. Cold Heading machines in our plant range in size from 5/16" through 1" and are capable of Cold Forming a large variety of parts. We have over 45 machines, including modern Four Die ultra-high speed Nut Formers. To provide increased capabilities, we also have several Two-die Three-blow Headers and a Parts Former.

We have a complementary Threading Department for secondary operation. External threads are rolled on planetary-type thread rolling equipment and internal thread tapping is performed on high speed precision machines. In-house Wire Drawing and a full Tool Room are additional departments which support the manufacturing process.

Our Quality Assurance Program is unique. With computer workstations on the manufacturing floor, we capture "real time" data. All material is monitored throughout processing by our fully staffed laboratory where information is processed utilizing SPC

techniques. In addition, Load Monitors attached to the machines provide the ultimate in Quality Assurance. Our system is designed to guarantee complete traceability.

Some of our Quality Awards received include:

Chrysler Corporation

- Pentastar
- Quality Excellence (Q-E)

Ford Motor Company

- Q-1 Preferred Quality Award

General Motors - Truck & Bus

- Self Certified Supplier
- Zero Follow-Up

Cummins Engine Company, Inc.

- Worldwide Self Certified Supplier

Modern packaging and shipping facilities make it possible to respond quickly. Bar code labeling is used to provide accurate information and identification. We fully support the Just-In-Time (JIT) concept and currently participate in "milk run" deliveries.

We are very proud of our Company and its history. Contributing to our success is one of the biggest assets we have...our people. We have over 120 dedicated employees who possess years of experience. Our team is well trained and, while utilizing its high skills, our employees understand that customer satisfaction the secret to our success.

Decker Manufacturing Corporation...
The Right source Right Now.

DECKER MANUFACTURING CORPORATION

BOARD OF DIRECTORS

T.B. DeWeerd	<i>Secretary and Treasurer</i> Decker Manufacturing Corp.
H.D. Federer	<i>Consultant</i>
B.L. Konkle	<i>Executive Vice-President</i> Decker Manufacturing Corp.
H.R. Konkle	<i>President and General Manager</i> Decker Manufacturing Corp.
C.A. Nelson	Stanton, Bullen, Nelson, Moilanen & Klaasen, P.C. Law Firm

OFFICERS

H.R. Konkle	<i>President and General Manager</i>
B.L. Konkle	<i>Executive Vice-President</i>
T.B. DeWeerd	<i>Secretary and Treasurer</i>

TRANSFER AGENT

National Bank of Detroit
Detroit, Michigan

FOOTE, ILES AND LLOYD

Certified Public Accountants

Battle Creek, Michigan

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Board of Directors,
Decker Manufacturing Corporation

Gentlemen:

We have audited the accompanying balance sheet of the Decker Manufacturing Corporation as of December 31, 1990, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Decker Manufacturing Corporation as of December 31, 1990, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Respectfully submitted,
FOOTE, ILES AND LLOYD
CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan
February 12, 1991

DECKER MANUFACTURING CORPORATION

(A Michigan Corporation)

BALANCE SHEET AS OF DECEMBER 31, 1990

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents (note 3)	\$ 1,856,762
Investments - Marketable Securities (net)	4,963,727
Accounts Receivable (net)	2,081,405
Other Receivables	92,273
Inventory (notes 2 and 4)	3,583,415
Prepaid Pension Costs (note 6)	209,759
Prepaid Expenses and Deposits	<u>36,151</u>
TOTAL CURRENT ASSETS	\$12,823,492
PROPERTY, PLANT AND EQUIPMENT, at cost	
Land and Buildings	\$ 1,088,808
Machinery and Equipment	12,286,940
Office Equipment and Fixtures	231,451
Capital Lease	<u>77,930</u>
Total Costs	\$13,685,129
Less: Accumulated Depreciation	<u>9,928,041</u>
NET BOOK	3,757,088
INVESTMENTS AND OTHER ASSETS	
Noncurrent Marketable Securities	50,000
Key Man Life Insurance - Cash Surrender Value	<u>167,596</u>
TOTAL ASSETS	<u>\$16,798,176</u>

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 268,758
Accrued Dividends	412,073
Accrued Payroll Taxes	18,779
Accrued City and Township Taxes	137,542
Accrued Income Taxes	281,243
Accrued Wages and Commissions	225,296
Accrued Payroll Deductions	1,855
Accrued Pension Fund (note 6)	9,555
Deferred Income Tax	17,915
Unclaimed Dividends	582
Current Portion of Long-Term Liabilities	<u>11,805</u>
TOTAL CURRENT LIABILITIES	\$ 1,385,403
LONG-TERM LIABILITIES	
Capital Lease Payable-Long term only	\$ 49,879
Deferred Income Tax	<u>364,696</u>
TOTAL LIABILITIES	\$ 1,799,978
STOCKHOLDERS' EQUITY	
CAPITAL STOCK	
Authorized 2,000,000 Shares	
@ \$1.00 Par Value	\$2,000,000
Less Unissued Stock	<u>1,366,042</u>
TOTAL STOCK OUTSTANDING	\$ 633,958
CAPITAL SURPLUS	\$ 180,000
RETAINED EARNINGS	<u>14,184,240</u>
TOTAL CAPITAL SURPLUS AND RETAINED EARNINGS	14,364,240
TOTAL STOCKHOLDERS' EQUITY	<u>14,998,198</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$16,798,176</u>

The notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

DECKER MANUFACTURING CORPORATION
INCOME STATEMENT

For Year Ended December 31, 1990

NET SALES	\$17,875,701
COST OF PRODUCTS SOLD	<u>13,070,348</u>
GROSS PROFIT	\$ 4,805,353
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES . .	<u>1,678,949</u>
OPERATING INCOME	\$ 3,126,404
OTHER INCOME	562,483
OTHER EXPENSES	<u>189,686</u>
NET INCOME	\$3,499,201
LESS: FEDERAL INCOME TAXES	<u>1,081,195</u>
NET INCOME FOR THE YEAR	<u><u>\$2,418,006</u></u>

The notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

STATEMENT OF CHANGES IN RETAINED EARNINGS
For Year Ended December 31, 1990

BALANCE JANUARY 1, 1990	\$13,352,601
ADDITIONS	
Net Income for Year 1990	
from Income statement	\$ 2,418,006
DEDUCTIONS	
Cash Dividends paid to Stockholders	
during the Year 1990	1,257,879
Excess over Par Value Paid	
for Shares Redeemed	<u>148,488</u>
	<u>1,011,639</u>
RETAINED EARNINGS BALANCE AS OF DECEMBER 31, 1990	<u><u>\$14,364,240</u></u>

The notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

DECKER MANUFACTURING CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 1990

CASH FLOWS FROM OPERATING ACTIVITIES

Net Earnings	\$2,418,006	
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities		
Depreciation of Fixed Assets	700,557	
Increase in Accounts Receivable - Trade —		
Net of Allowance for Bad Debts	(32,924)	
Increase in Marketable Securities —		
Net of Allowance for Unrealized Loss	(1,089,663)	
Decrease in Interest & Dividends Receivable	6,391	
Increase in Inventory	(311,701)	
Decrease in Other Receivables	363	
Increase in Prepaid Pension Costs	(58,779)	
Decrease in Prepaid Expenses & Deposits	219,447	
Decrease in Prepaid Federal Income Tax	12,043	
Gain on Sales of Equipment	(2,550)	
Increase in CSV of Key Man Life Insurance	(15,202)	
Increase in Accounts Payable	66,676	
Increase in Accrued Expenses	221,715	
Increase in Accrued Dividends	21,208	
Decrease in Deferred Income Tax	(118,215)	
Net Cash Provided by (Used in) Operating Activities		\$2,037,372

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales of Equipment	\$ 2,550	
Acquisitions of Fixed Assets	(1,414,125)	
Net Cash Provided by (Used in) Investing Activities		(1,411,575)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on Long-Term Capital Leases	(12,037)	
Payment of Dividends on Capital Stock	(1,257,879)	
Redemption of Common Stock	(155,292)	
Net Cash Provided by (Used in) Financing Activities		(1,425,208)
Net Increase (Decrease) in Cash		(\$ 799,411)

CASH, December 31, 1989	<u>2,656,173</u>
CASH, December 31, 1990	<u><u>\$1,856,762</u></u>

The Notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS: Decker Manufacturing Corporation is a Michigan Corporation located in the City of Albion, in the State of Michigan. It is engaged in the business of manufacturing cold headed industrial fasteners and pipe plugs. 67% of it's product is sold to a customer base which either directly or indirectly is engaged in the manufacturing of automobiles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Inventory: Inventory values are stated at the lower of cost or market and the method used conforms to the Uniform Capitalization Rules required by Section 263 (a) of the Internal Revenue Code. All materials are computed using the last-in, first-out (LIFO) method. All other components of inventory including labor and factory overhead are computed using the first-in, first-out (FIFO) method. The total of inventories would have been approximately \$494,151 greater if the FIFO method had been used for all of its components.

b. Fixed Assets and Depreciation: Fixed assets are carried at cost. Expenditures for replacements are capitalized and the replaced items are retired. Maintenance and repairs are charged to operations. Gains and losses from the sale of fixed assets are included in income. Depreciation is calculated using both the straight-line and declining-balance methods over the estimated useful lives of the respective assets.

c. Income Taxes: Federal Income Tax expense consists of the actual tax on the corporation's taxable income for the year plus or minus deferred taxes, based on the estimated future tax effects of differences between financial income and taxable income, in accordance with Statement of Financial Accounting Standards No. 96.

d. Pension Plans: Pension expense and related assets and liabilities are computed in accordance with Statement of Financial Accounting Standards No. 87.

e. Earnings Per Share: Earnings per share is based on the weighted average number of shares of common stock outstanding during the year. This number of outstanding shares was decreased during the year.

f. Valuation of Marketable Securities: Marketable securities are valued at the lower of cost or market. Premiums and discounts at the time of purchase are amortized over the period from date purchased by the company to date of maturity. The amortization is netted against earned interest in the income statement.

3. Cash:

Commercial Checking	\$ 382,623
Certificates of Deposit in Financial Institutions	896,000
Imprest Cash	500
Savings Account	6,786
Workers Compensation account	2,093
Broker's Accounts	<u>568,760</u>
	<u>\$1,856,762</u>

4. Inventory:

Raw Materials	\$2,032,382
Work In Process	382,978
Finished Goods	<u>1,168,055</u>
	<u>\$3,583,415</u>

5. WORKERS' COMPENSATION INSURANCE The company is in the first year of a two-year contract with Total Compensation Services, Ltd., as administrator for workers' compensation self-insurance. All valid claims up to \$275,000 per claim are paid by the company and are expensed when paid, and reinsurance is carried for all excess claims.

6. PENSION PLANS The company sponsors two pension plans, covering substantially all hourly and salaried employees. Benefits under the hourly plan are based on years of service. Under the salaried plan benefits are based on five-year average salary and years of service. The company's funding policy is to contribute annually the maximum amount that can be deducted for federal income tax purposes. Plan assets are invested by an insurance company. Net pension cost for 1990 included the following components:

	<u>HOURLY</u>	<u>SALARIED</u>
Service Cost - Benefits Earned During Period	\$ 18,555	\$ 58,645
Interest Cost on Projected Benefit Obligation	62,632	91,481
Actual Return on Plan Assets	(90,789)	(78,116)
Net Amortization and Deferral	<u>(56,343)</u>	<u>(55,289)</u>
Net Periodic Pension Cost	<u>\$ (65,945)</u>	<u>\$ 16,271</u>

Following is a reconciliation of the Plans' funded status with amounts reported on the balance sheet:

Actuarial Present Value of Benefit Obligations

Accumulated Benefit Obligations	<u>HOURLY</u>	<u>SALARIED</u>
Vested	\$ 813,533	\$ 965,439
Non-Vested	33,103	-0-
Total	<u>\$ 846,636</u>	<u>\$ 965,439</u>
Additional Benefits Based on Future Salary Levels	-0-	356,005
Total Projected Benefit Obligation	\$ 846,636	\$1,321,444
Plan Assets at Fair Value	1,448,310	1,541,800
Excess of Plan Assets over Proj. Benefit Obligation	\$ 601,674	\$ 220,356
Unrecognized Net Gain	(134,140)	(56,969)
Unrecognized Portion of January 1, 1987 Net Asset	(257,775)	(172,942)
Prepaid (Accrual) Pension Cost on Balance Sheet	<u>\$ 209,759</u>	<u>\$ (9,555)</u>

The following rates were used in the above computations:

	<u>HOURLY</u>	<u>SALARIED</u>
Weighted Average Discount Rate	8%	7%
Rate of Increase in Future Compensation Levels	N/A	5%
Expected Long-Term Rate of Return on Assets	9 1/2%	8%

The company also sponsors 401(K) Plans covering approximately 60% of hourly employees (voluntary participation) and substantially all salaried employees (mandatory participation). The plans allow for the deferral of employee compensation with a percentage of the deferrals matched by the employer. In the Income Statement, deferred amounts are included in the appropriate categories of compensation, while employer's matching contributions are shown as a separate item. Following is a summary of contributions for 1990:

	<u>HOURLY</u>	<u>SALARIED</u>
Employee Compensation Deferral	\$ 84,323	\$44,898
Employer's Matching Contributions	12,192	6,578
Total Contributions	<u>\$ 96,515</u>	<u>\$51,476</u>

7. INCOME TAXES Federal Income Tax expense for the year consisting of the following:

Tax on Current Year's Taxable Income	\$ 1,199,409
Reduction of Deferred Tax	(118,215)
Net Federal Income Tax Expense	<u>\$ 1,081,194</u>

The significant temporary differences between taxable income and financial income are: 1) the use of shorter depreciable lives on fixed asset for tax purposes; 2) investment credit claimed in the past on certain fixed asset purchases; 3) the accrual of vacation pay for financial purposes; 4) differences in recognizing investment income and adjustments in the value of investments; 5) differences in recognizing pension expense; 6) differences in recognizing bad debt expense; and 7) phase in of new inventory accounting requirements in 1987. Permanent differences consist primarily of income from tax-exempt securities.

8. MARKETABLE SECURITIES As of December 31, 1990, the company held marketable securities with amortized costs totaling \$5,088,122. Most of these securities were tax exempt for federal income and State of Michigan privilege taxes. Since the total market value of the securities was less than cost at the balance sheet date, the company is reporting them at their market value. All of the securities are current assets as they will mature or can be marketed within twelve months of the balance sheet date. Gains or losses resulting from sales of marketable securities are reported as an aggregate figure in the income statement.

9. CAPITAL LEASES The corporation has capital leases for several items of office equipment. The remaining future minimum lease payments are as follows:

1991	\$ 19,514
1992	21,289
1993	21,289
1994	15,087
Total Lease Payments	<u>\$ 77,179</u>
Less: Imputed Interest	19,391
Present Value of Net Minimum Lease Payments	<u>\$ 57,788</u>

**DECKER MANUFACTURING CORPORATION
703 NORTH CLARK STREET
ALBION, MICHIGAN 49224**



DECKER MANUFACTURING CORPORATION

DECKER MANUFACTURING CORPORATION 1989

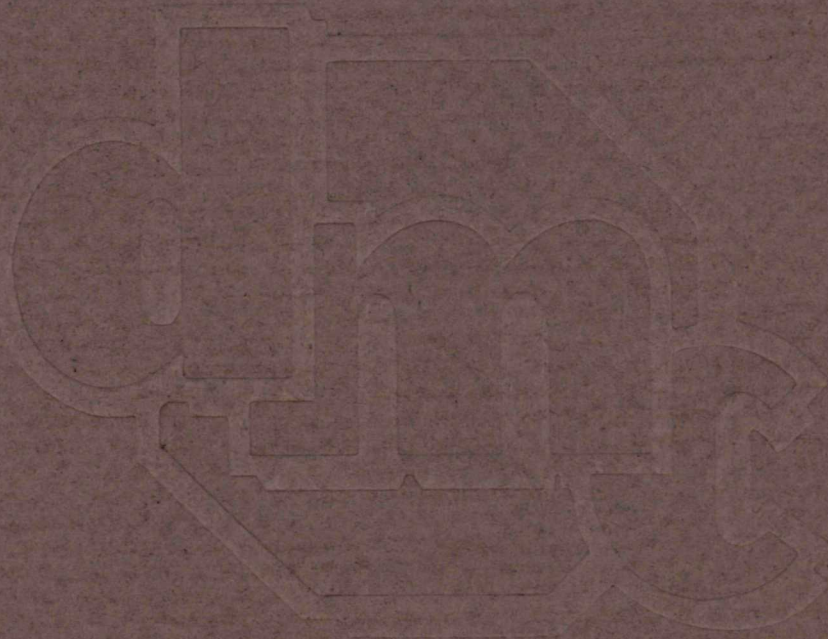
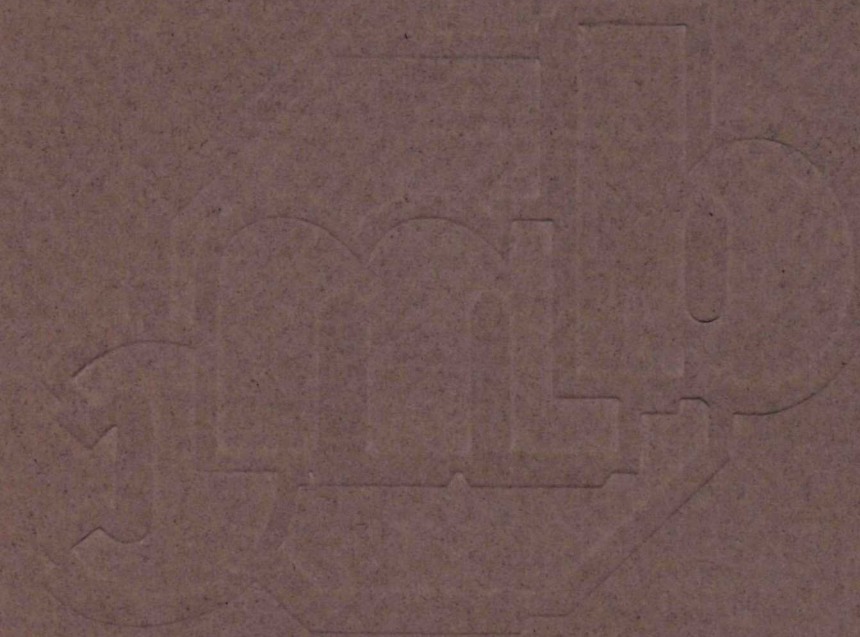


Exhibit C

1989 ANNUAL REPORT



DECKER MANUFACTURING CORPORATION

BOARD OF DIRECTORS

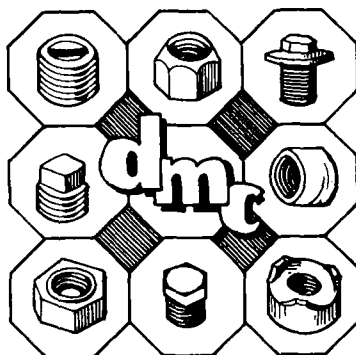
T.B. DeWeerd	Secretary and Treasurer Decker Manufacturing Corp.
H.D. Federer	Consultant
B.L. Konkle	Executive Vice-President Decker Manufacturing Corp.
H.R. Konkle	President and General Manager Decker Manufacturing Corp.
C.A. Nelson	Stanton, Bullen, Nelson, Moilanen & Klaasen, P.C. Law Firm

OFFICERS

H.R. Konkle	President and General Manager
B.L. Konkle	Executive Vice-President
T.B. DeWeerd	Secretary and Treasurer

TRANSFER AGENT

National Bank of Detroit
Detroit, Michigan



DECKER

MANUFACTURING CORPORATION

703 North Clark Street
Albion, Michigan 49224

D-U-N-S 00-531-8720

Phone 517-629-3955

Fax 517-629-3535

March 7, 1990

To Our Shareholders:

The eighties have come to an end after an up and down 10 years. We started the decade in a mini-recession, had sales decline in 4 years and ended the decade in 1989 with record sales and an economy slipping badly.

We were unable, in 1989, to reduce costs or improve productivity enough to cover the cost increases and increased competition. Therefore, even with increased sales, our profit on operations were down 6.7% and net income was down 3%.

Capital expenditures were below projection at \$482,000 mainly because of extended deliveries. This will bring our 1990 capital expenditures to over \$1,300,000.

Most economists are saying we have made a soft landing and that our business should show from 1% to 1.5% growth in 1990. While I hope they are right, I personally think if we come back to even with last year we will be fortunate. We ended 1989 on a low note and have started out this year at the same level. January and February similar to December. We hope that by the time this report reaches you that we will be seeing stronger signs.

While this mini-recession will make 1990 one of our more challenging years, we hope to meet this challenge and end the year with results above average for our industry.

Yours truly,

DECKER MANUFACTURING CORP.

Henry R. Konkle
President & General Manager

HRK/mm

DECKER MANUFACTURING CORPORATION
COMPARATIVE OPERATIONS STATEMENT

	1989	1988	Increase (Decrease)
Sales	\$19,190,181	\$18,066,542	\$1,123,639
Returns and Allowances	144,601	176,375	(31,774)
Net Sales	19,045,580	17,890,167	1,155,413
Cost of Sales	14,525,405	13,309,007	1,216,398
Operating Income	4,520,175	4,581,160	(60,985)
Selling, General and Administrative	1,726,736	1,644,613	82,123
Income on Operations	2,793,439	2,936,547	(143,108)
Other Income	563,730	431,592	132,138
Other Deductions	80,535	28,667	51,868
Net Income (Before Federal Income Taxes)	3,276,634	3,339,472	62,838
Federal Income Taxes	1,051,904	1,047,977	3,927
Net Income for Year	2,224,730	2,291,495	(66,765)

DECKER MANUFACTURING CORPORATION
COMPARATIVE BALANCE SHEETS

	ASSETS	
	1989	1988
Cash	\$ 242,971	\$ 494,330
Investments	6,337,266	5,563,944
Accounts Receivable	2,048,481	2,099,648
Inventories	3,271,714	2,802,598
Property, Plant and Equipment-Net	3,043,520	3,197,959
Other Assets	670,042	614,611
	<u>\$ 15,613,994</u>	<u>\$14,773,090</u>
	LIABILITIES & NET WORTH	
	1989	1988
Current - Ordinary	\$ 1,196,625	\$ 1,288,869
Long-Term Liabilities	424,006	550,815
Capital Stock	640,762	641,862
Capital Surplus & Retained Earnings	13,352,601	12,291,544
	<u>\$15,613,994</u>	<u>\$14,773,090</u>

DECKER MANUFACTURING CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 1989

CASH FLOWS FROM OPERATING ACTIVITIES

Net Earnings	\$2,224,730	
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities		
Depreciation of Fixed Assets	636,229	
Increase in Accounts Receivable - Trade — Net of Allowance for Bad Debts	(61,704)	
Decrease in Marketable Securities — Net of Allowance for Loss	106,981	
Decrease in Interest & Dividends Receivable	3,280	
Increase in Inventories	(469,116)	
Decrease in Other Receivables	10,564	
Increase in Prepaid Pension Costs	(76,305)	
Increase in Prepaid Expenses & Deposits	(155,867)	
Decrease in Prepaid Federal Income Tax	273,715	
Gain on Sales of Equipment	(1,500)	
Increase in CSV of Key Man Life Insurance	(18,268)	
Decrease in Accounts Payable	(53,744)	
Decrease in Accrued Expenses	(44,526)	
Increase in Accrued Dividends	69,934	
Decrease in Deferred Income Tax	(47,335)	
Net Cash Provided by (Used in) Operating Activities		\$2,397,068

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales of Equipment	\$ 1,500	
Acquisitions of Fixed Assets	(481,790)	
Payments of CSV of Life Insurance	20,321	
Net Cash Provided by (Used in) Investing Activities		(459,969)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Short-Term Note	\$ (202,111)	
Payments on Long-Term Capital Leases	(19,201)	
Payment of Dividends on Capital Stock	(1,141,763)	
Redemption of Common Stock	(23,010)	
Proceeds from Long-Term Capital Leases	77,930	
Net Cash Provided by (Used in) Financing Activities		(1,308,155)
Net Increase (Decrease) in Cash		\$ 628,944

CASH, December 31, 1988	2,027,229
CASH, December 31, 1989	<u>\$2,656,173</u>

The Notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

DECKER MANUFACTURING CORPORATION
INCOME STATEMENT
For Year Ended December 31, 1989

NET SALES		\$19,045,580
COST OF PRODUCTS SOLD		<u>14,525,405</u>
GROSS PROFIT		\$ 4,520,175
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	\$1,726,736	
OTHER INCOME	563,730	
OTHER EXPENSES	<u>80,535</u>	<u>1,243,541</u>
NET INCOME (Before Extraordinary Items)		\$3,276,634
LESS: FEDERAL INCOME TAXES		<u>1,051,904</u>
NET INCOME FOR THE YEAR		<u><u>\$2,224,730</u></u>

STATEMENT OF CHANGES IN RETAINED EARNINGS
For Year Ended December 31, 1989

BALANCE JANUARY 1, 1989		\$12,291,544
ADDITIONS		
Net Income for Year 1989		
from Income statement	\$ 2,224,730	
DEDUCTIONS		
Cash Dividends paid to Stockholders		
during the Year 1989	1,141,763	
Excess over Par Value Paid		
for Shares Redeemed	<u>21,910</u>	<u>1,061,057</u>
RETAINED EARNINGS BALANCE AS OF DECEMBER 31, 1989		<u><u>\$13,352,601</u></u>

The notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

DECKER MANUFACTURING CORPORATION
(A Michigan Corporation)
BALANCE SHEET AS OF DECEMBER 31, 1989

ASSETS	
CURRENT ASSETS	
Cash	\$ 242,971
Savings and Money Market Accounts	323,202
Bank Time Certificates of Deposit	2,090,000
Investments - Marketable Securities (net)	3,924,064
Accounts Receivable (net)	2,048,481
Other Receivables	99,027
Inventory	3,271,714
Prepaid Pension Costs	150,980
Prepaid Federal Income Tax	12,043
Prepaid Expenses and Deposits	<u>255,598</u>
TOTAL CURRENT ASSETS	\$12,418,080
PROPERTY, PLANT AND EQUIPMENT, at cost	
Land and Buildings	\$ 1,076,959
Machinery and Equipment	10,943,239
Office Equipment and Fixtures	276,257
Capital Lease	<u>77,930</u>
Total Costs	\$12,374,385
Less: Accumulated Depreciation	<u>9,330,865</u>
NET BOOK	3,043,520
OTHER ASSETS	
Key Man Life Insurance - Cash Surrender Value	<u>152,394</u>
TOTAL ASSETS	<u><u>\$15,613,994</u></u>

LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 202,082
Accrued Dividends	390,865
Accrued Payroll Taxes	27,157
Accrued City and Township Taxes	139,136
Accrued Income Taxes	51,412
Accrued Wages and Commissions	234,278
Accrued Payroll Deductions	572
Deferred Income Tax	139,577
Unclaimed Dividends	582
Current Portion of Long-Term Liabilities	<u>10,964</u>
TOTAL CURRENT LIABILITIES	\$ 1,196,625
LONG-TERM LIABILITIES	
Capital Lease Payable-Long term only	\$ 62,757
Deferred Income Tax	<u>361,249</u>
TOTAL LIABILITIES	\$ 1,620,631
STOCKHOLDERS' EQUITY	
CAPITAL STOCK	
Authorized 2,000,000 Shares	
@ \$1.00 Par Value	\$2,000,000
Less Unissued Stock	<u>1,359,238</u>
TOTAL STOCK OUTSTANDING	\$ 640,762
CAPITAL SURPLUS	\$ 180,000
RETAINED EARNINGS	13,172,601
TOTAL CAPITAL SURPLUS AND RETAINED EARNINGS	<u>13,352,601</u>
TOTAL STOCKHOLDERS' EQUITY	<u>13,993,363</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$15,613,994</u></u>

The notes to Financial Statements and the Auditor's Opinion are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Inventory: Inventory values are stated at the lower of cost or market and the method used conforms to the Uniform Capitalization Rules required by Section 263 (a) of the Internal Revenue Code. All materials are computed using the last-in, first-out (LIFO) method. All other components of inventory including labor and factory overhead are computed using the first-in, first-out (FIFO) method. The total of inventories would have been approximately \$538,513 greater if the FIFO method had been used for all of its components.

b. Fixed Assets and Depreciation: Fixed assets are carried at cost. Expenditures for replacements are capitalized and the replaced items are retired. Maintenance and repairs are charged to operations. Gains and losses from the sale of fixed assets are included in income. Depreciation is calculated using both the straight-line and declining-balance methods over the estimated useful lives of the respective assets.

c. Income Taxes: Federal Income Tax expense consists of the actual tax on the corporation's taxable income for the year plus or minus deferred taxes, based on the estimated future tax effects of differences between financial income and taxable income, in accordance with Statement of Financial Accounting Standards No. 96.

d. Pension Plans: Pension expense and related assets and liabilities are computed in accordance with Statement of Financial Accounting Standards No. 87.

e. Earnings Per Share: Earnings per share is based on the weighted average number of shares of common stock outstanding during the year. This number of outstanding shares was decreased during the year.

f. Valuation of Marketable Securities: Marketable securities are valued at the lower of cost or market. Premiums and discounts at the time of purchase are amortized over the period from date purchased by the company to date of maturity. The amortization is netted against earned interest in the income statement.

2. WORKERS' COMPENSATION INSURANCE The company is in the second year of a two-year contract with Total Compensation Services, Ltd., as administrator for workers' compensation self-insurance. All valid claims up to \$275,000 per claim are paid by the company and are expensed when paid, and reinsurance is carried for all excess claims.

3. PENSION PLANS The company sponsors two pension plans, covering substantially all hourly and salaried employees. Benefits under the hourly plan are based on years of service. Under the salaried plan benefits are based on five-year average salary and years of service. The company's funding policy is to contribute annually the maximum amount that can be deducted for Federal Income Tax purposes. Plan assets are invested by an insurance company. Net pension cost for 1989 included the following components:

	HOURLY	SALARIED
Service Cost - Benefits Earned During Period	19,354	65,139
Interest Cost on Projected Benefit Obligation	60,692	84,397
Actual Return on Plan Assets	(182,898)	(140,401)
Net Amortization and Deferral	43,666	28,356
Net Periodic Pension Cost	(59,186)	37,491

Following is a reconciliation of the Plans' funded status with amounts reported on the balance sheet:

	HOURLY	SALARIED
Actuarial Present Value of Benefit Obligations		
Accumulated Benefit Obligations		
Vested	760,462	932,498
Non-Vested	59,421	-0-
Total	819,883	932,498
Additional Benefits Based on Future Salary Levels	-0-	57,322
Total Projected Benefit Obligation	819,883	989,820
Plan Assets at Fair Value	1,421,423	1,598,384
Excess of Plan Assets over Proj. Benefit Obligation	601,540	608,564
Unrecognized Net Gain	(180,122)	(392,912)
Unrecognized Portion of January 1, 1987 Net Asset	(277,604)	(208,486)
Prepaid (Accrual) Pension Cost on Balance Sheet	143,814	7,166

The following rates were used in the above computations:

	HOURLY	SALARIED
Weighted Average Discount Rate	8%	6%
Rate of Increase in Future Compensation Levels	N/A	5%
Expected Long-Term Rate of Return on Assets	9 1/2%	7%

The company also sponsors 401(K) Plans covering approximately 60% of hourly employees (voluntary participation) and substantially all salaried employees (mandatory participation). The plans allow for the deferral of employee compensation with a percentage of the deferrals matched by the employer. In the Income Statement, deferred amounts are included in the appropriate categories of compensation, while employer's matching contributions are shown as a separate item. Following is a summary of contributions for 1989:

	HOURLY	SALARIED
Employee Compensation Deferral	87,703	45,882
Employer's Matching Contributions	9,366	6,241
Total Contributions	97,069	52,123

4. INCOME TAXES Federal Income Tax expense for the year consisting of the following:

Tax on Current Year's Taxable Income	1,099,239
Reduction of Deferred Tax	(47,335)
Net Federal Income Tax Expense	1,051,904

The significant temporary differences between taxable income and financial income are: 1) the use of shorter depreciable lives on fixed asset for tax purposes; 2) investment credit claimed in the past on certain fixed asset purchases; 3) the accrual of vacation pay for financial purposes; 4) differences in recognizing investment income and adjustments in the value of investments; 5) differences in recognizing pension expense; 6) differences in recognizing bad debt expense; and 7) phase in of new inventory accounting requirements in 1987. Permanent differences consist primarily of income from tax-exempt securities.

5. MARKETABLE SECURITIES As of December 31, 1989, the company held marketable securities with amortized costs totaling \$3,924,064. Most of these securities were tax exempt for federal income and State of Michigan privilege taxes. Since the total market value of the securities was greater than cost at the balance sheet date, the company is reporting them at their amortized cost. All of the securities are current assets as they will mature or can be marketed within twelve months of the balance sheet date. Gains or losses resulting from sales of marketable securities are reported as an aggregate figure in the income statement.

6. CAPITAL LEASES The corporation has capital leases for several items of office equipment. The remaining future minimum lease payments are as follows:

1990	20,995
1991	21,289
1992	21,289
1993	21,289
1994	15,087
Total Lease Payments	99,949
Less: Imputed Interest	30,124
Present Value of Net Minimum Lease Payments	69,825

DECKER MANUFACTURING CORPORATION

The Year in Brief

	1989	1988
Sales and Other Income	\$19,609,310	\$18,321,759
Net Income	2,224,730	2,291,495
Net Income per Share	3.47	3.45
Net Income to Sales and Other Income	11.35%	12.51%
Cash Dividends Paid per Share	1.78%	1.61
Depreciation and Amortization	636,229	679,145
Capital Expenditures	481,790	268,516
Working Capital	11,221,455	10,131,815

DECKER MANUFACTURING CORPORATION

SALES FOR CALENDAR YEARS 1980 - 1989

The following statistics represent the growth of your company
within the last ten years.

YEAR	NET SALES & OTHER INCOME
1980	11,484,346
1981	11,876,001
1982	10,287,814
1983	12,553,377
1984	17,104,453
1985	17,270,304
1986	16,220,427
1987	15,303,668
1988	18,321,759
1989	19,609,310

Income										
	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
NET SALES AND OTHER INCOME	\$19,609,310	\$18,321,759	\$15,303,668	\$16,220,447	\$17,270,304	\$17,104,453	\$12,553,377	\$10,287,814	\$11,876,001	\$11,484,346
COSTS										
Wages and employees benefits	4,694,959	4,260,463	4,147,702	3,855,235	3,895,938	3,442,213	2,612,461	2,005,373	2,299,216	2,110,612
Materials, services and other costs	10,606,421	9,653,529	7,242,041	8,595,371	9,429,341	9,407,357	6,412,958	5,074,855	6,240,057	5,972,410
Depreciation	636,229	679,145	690,260	652,719	668,702	677,969	671,695	650,335	631,904	568,584
State and local taxes	395,067	389,150	312,943	340,753	337,060	316,105	279,537	231,090	241,853	228,798
Federal Income Taxes	1,051,904	1,047,977	785,065	1,202,353	1,247,203	1,326,839	1,071,093	984,621	1,054,903	1,047,288
Total Costs	\$17,384,580	\$16,030,264	\$13,178,011	\$14,646,431	\$15,578,244	\$15,170,483	\$11,047,744	\$8,946,274	\$10,467,933	\$9,927,692
NET INCOME	\$2,224,730	\$2,291,495	\$2,125,657	\$1,574,016	\$1,692,060	\$1,933,970	\$1,505,633	\$1,341,540	\$1,408,068	\$1,556,654
CASH DIVIDENDS	1,141,763	1,062,831	935,204	938,687	940,535	965,194	834,477	738,860	651,935	573,703
REINVESTMENT IN THE BUSINESS	\$1,082,967	\$1,228,664	\$1,190,453	\$635,329	\$751,525	\$968,776	\$671,156	\$602,680	\$756,133	\$982,951
Plant Additions										
Regular Capital Expenditures	\$481,790	\$268,516	\$931,934	\$324,950	\$526,215	\$553,560	\$546,039	\$911,040	\$627,463	\$1,159,456
Financial Position										
Current Assets	\$12,418,080	\$11,420,684	\$10,102,673	\$9,042,132	\$8,146,765	\$12,586,894	\$10,167,097	\$9,160,592	\$8,853,628	\$7,938,044
Current Liabilities	1,196,625	1,288,869	1,029,881	851,805	957,519	3,963,724	878,322	759,883	850,189	777,504
Net Working Capital	\$11,221,455	\$10,131,815	\$9,072,792	\$8,190,327	\$7,189,246	\$8,623,170	\$9,288,775	\$8,400,709	\$8,003,439	\$7,160,540
Property, Plant and Equipment - Net	3,043,520	3,197,959	3,608,588	3,356,914	3,686,511	3,829,859	3,955,056	4,080,712	3,820,007	3,824,448
Other Assets and Liabilities - Net	(271,612)	(396,368)	(366,770)	(423,084)	(334,755)	(256,755)	(93,008)	(7,019)	42,663	119,413
Stockholders' Equity	\$13,993,363	\$12,933,406	\$12,314,610	\$11,124,157	\$10,541,002	\$12,196,274	\$13,150,823	\$12,474,402	\$11,866,109	\$11,104,401
Statistics - Common Stock										
Calendar Year Income per Share	3.47	3.45	3.18	2.35	2.44	2.24	1.73	1.54	1.62	1.79
Calendar Year Dividends per Share in Cash	1.78	1.61	1.40	1.40	1.40	1.150	.960	.850	.750	.660
Calendar Year Book Value per Share	21.84	20.15	18.42	16.64	15.70	15.57	15.13	14.35	13.65	12.78
Ratios										
Current Assets to Current Liabilities	10.38 to 1	8.86 to 1	9.81 to 1	10.62 to 1	8.51 to 1	3.18 to 1	11.58 to 1	12.06 to 1	10.41 to 1	10.21 to 1
Net Earnings to Net Sales and Other Income	11.35%	12.51%	13.89%	9.70%	9.80%	11.31%	11.99%	13.04%	11.86%	13.56%

DECKER MANUFACTURING CORPORATION

HOW EACH SALES DOLLAR WAS SPENT (For the Year 1989 Compared with 1988)



38.8¢ — 1989
38.3¢ — 1988

MATERIALS PURCHASED
FOR MANUFACTURING
OPERATIONS

OTHER MANUFACTURING
EXPENSES



13.9¢ — 1989
13.5¢ — 1988



24.0¢ — 1989
23.3¢ — 1988

WAGES
AND OTHER BENEFITS
FOR EMPLOYEES

SELLING, GENERAL AND
ADMINISTRATIVE
EXPENSES



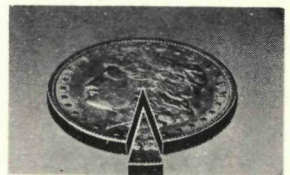
4.4¢ — 1989
4.4¢ — 1988



7.4¢ — 1989
7.8¢ — 1988

FEDERAL, STATE AND
CITY TAXES

DIVIDENDS PAID
TO STOCKHOLDERS



5.9¢ — 1989
5.8¢ — 1988

RETAINED BY THE COMPANY
FOR EXPANSION



5.6¢ — 1989
6.9¢ — 1988

FOOTE, ILES AND LLOYD

Certified Public Accountants

Battle Creek, Michigan

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Board of Directors,
Decker Manufacturing Corporation

Gentlemen:

We have audited the accompanying balance sheet of the Decker Manufacturing Corporation as of December 31, 1989, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Decker Manufacturing Corporation as of December 31, 1989, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Respectfully submitted,
FOOTE, ILES AND LLOYD
CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan
February 12, 1990

DECKER MANUFACTURING CORPORATION
703 NORTH CLARK STREET
ALBION, MICHIGAN 49224



DECKER MANUFACTURING CORPORATION

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MANAGEMENT BRANCH**

☐ FIRST
CLASS

☐ THIRD
CLASS

☐ FOURTH
CLASS

☐ PRIORITY
MAIL

☐ MOTOR
FREIGHT

☐ COURIER
EXPRESS

☐ UNITED
PARCEL
SERVICE

**DECKER MANUFACTURING
CORPORATION**

703 NORTH CLARK ST.
ALBION, MICHIGAN 49224

TO: PAUL J. ROGERS
SUPERFUND PROGRAM MANAGEMENT BRANCH, HSM5J
U.S. ENVIRONMENTAL PROTECTION AGENCY
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604

